



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	SB0055
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<b>Title:</b>	Revise use of mineral royalties purchased with coal tax loan
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<b>Primary Sponsor:</b>	Ryan, D.
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<b>Status:</b>	As Amended in Senate Committee
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| <input type="checkbox"/> Significant Local Gov Impact                | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<b><u>FY 2008</u></b> <b><u>Difference</u></b>	<b><u>FY 2009</u></b> <b><u>Difference</u></b>	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>
<b>Expenditures:</b>				
General Fund	\$17,581,717	\$23,174,302	\$11,603,981	\$0
Guarantee Account-State Special (02)	\$0	\$0	\$0	\$0
Facility Improvement-State Special (02)	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Guarantee Account-State Special (02)	\$0	\$0	\$0	\$0
Facility Improvement-State Special (02)	\$17,581,717	\$23,174,302	\$11,603,981	\$0
<b>Net Impact-General Fund Balance:</b>	<b><u>(\$17,581,717)</u></b>	<b><u>(\$23,174,302)</u></b>	<b><u>(\$11,603,981)</u></b>	<b><u>\$0</u></b>

**Description of fiscal impact:** One-time mineral royalties that presently would offset general fund spending for distribution to K12 schools will be diverted to a state special revenue facility improvement account to be appropriated at some time in the future for improvement of school facilities.

### **FISCAL ANALYSIS**

#### **Assumptions:**

- As a result of this legislation, one-time mineral royalty revenue resulting from SB 495 from the 2001 session will be transferred from the guarantee account to a state special revenue school facility improvement account. The following table shows the difference in the mineral royalty distribution under current law and SB 55.

<b>SB 55 and Common School Mineral Royalty Revenue</b>				
<b>(\$ millions)</b>				
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Mineral Royalty Revenue	\$29.323	\$27.363	\$26.526	\$26.406
<b>Current Law</b>				
Mineral Royalties to Coal Loan	\$7.492	\$0.000	\$0.000	\$0.000
Mineral Royalties to Trust Administration	\$4.249	\$4.189	\$4.100	\$4.302
Mineral Royalties to Guarantee Account	\$17.582	\$23.174	\$11.604	\$0.000
Mineral Royalties to Facility Improvement Account	\$0.000	\$0.000	\$0.000	\$0.000
Royalties to Permanent Fund	\$0.000	\$0.000	\$10.822	\$22.104
<b>Total</b>	<u>\$29.323</u>	<u>\$27.363</u>	<u>\$26.526</u>	<u>\$26.406</u>
<b>SB 55</b>				
Mineral Royalties to Coal Loan	\$7.492	\$0.000	\$0.000	\$0.000
Mineral Royalties to Trust Administration	\$4.249	\$4.189	\$4.100	\$4.302
Mineral Royalties to Guarantee Account	\$0.000	\$0.000	\$0.000	\$0.000
Mineral Royalties to Facility Improvement Account	\$17.582	\$23.174	\$11.604	\$0.000
Royalties to Permanent Fund	\$0.000	\$0.000	\$10.822	\$22.104
<b>Total</b>	<u>\$29.323</u>	<u>\$27.363</u>	<u>\$26.526</u>	<u>\$26.406</u>
<b>Change from Current Law to SB 55</b>				
Mineral Royalties to Coal Loan	\$0.000	\$0.000	\$0.000	\$0.000
Mineral Royalties to Trust Administration	\$0.000	\$0.000	\$0.000	\$0.000
<b>Mineral Royalties to Guarantee Account</b>	<b>(\$17.582)</b>	<b>(\$23.174)</b>	<b>(\$11.604)</b>	<b>\$0.000</b>
<b>Mineral Royalties to Facility Improvement Account</b>	<b>\$17.582</b>	<b>\$23.174</b>	<b>\$11.604</b>	<b>\$0.000</b>
<b>Royalties to Permanent Fund</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

- Total School Base aid expenditures to K-12 schools do not change.
- There is no appropriation in SB 55. The state general fund appropriation for K-12 BASE aid will need to increase in amount equivalent to the decrease in the revenue available in the guarantee account.
- No change in school funding will occur until the school facility funds are appropriated.
- This account would create funding to be available for quality K12 schools' facilities needs to be determined at the end of the facilities study commissioned by the 2005 Special Legislative Session to be completed by July 2008. The total funds available in the 2011 biennium will be \$52,360,000.

	<b><u>FY 2008 Difference</u></b>	<b><u>FY 2009 Difference</u></b>	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Local Assistance (01)	\$17,581,717	\$23,174,302	\$11,603,981	\$0
Local Assistance (02)	(\$17,581,717)	(\$23,174,302)	(\$11,603,981)	\$0
Transfer	\$17,581,717	\$23,174,302	\$11,603,981	\$0
<b>TOTAL Expenditures</b>	<b>\$17,581,717</b>	<b>\$23,174,302</b>	<b>\$11,603,981</b>	<b>\$0</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$17,581,717	\$23,174,302	\$11,603,981	\$0
Guarantee Account-State Special (02)	\$0	\$0	\$0	\$0
Facility Improvement-State Special (02)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$17,581,717</b>	<b>\$23,174,302</b>	<b>\$11,603,981</b>	<b>\$0</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Guarantee Account-State Special (02)	\$0	\$0	\$0	\$0
Facility Improvement-State Special (02)	\$17,581,717	\$23,174,302	\$11,603,981	\$0
<b>TOTAL Revenues</b>	<b>\$17,581,717</b>	<b>\$23,174,302</b>	<b>\$11,603,981</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$17,581,717)	(\$23,174,302)	(\$11,603,981)	\$0
Guarantee Account-State Special (02)	\$0	\$0	\$0	\$0
Facility Improvement-State Special (02)	\$17,581,717	\$23,174,302	\$11,603,981	\$0

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*